

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE A THIRD AMENDMENT TO THE CONSORTIUM FUNDING AGREEMENT WITH THE HOUSING TRUST OF SANTA CLARA COUNTY AND APPROVING A FUNDING COMMITMENT TO EDEN HOUSING FOR A CONSTRUCTION/PERMANENT LOAN FUNDED FROM NEIGHBORHOOD STABILIZATION PROGRAM 2 FUNDS

WHEREAS, in June 2006, the Council of the City of San José ("City") authorized the Housing Department to purchase a 3.06 acre vacant site, located on the north side of Ford Road approximately 550 feet from Monterey Road in the City of San José, from the State of California Department of Transportation for affordable housing purposes; and

WHEREAS, on December 9, 2008, the City Council approved Eden Housing ("Eden") as the preferred developer of the site for the development of 20 units of special needs housing ("Special Needs project") and 75 unit family affordable apartment project ("Family project"); and

WHEREAS, in July 2009, the City, along with the Housing Trust of Santa Clara County ("HTSCC") and Neighborhood Housing Services of Silicon Valley ("NHSSV"), formed a consortium and submitted a successful application for a \$25,000,000 grant of Neighborhood Stabilization Program 2 ("NSP2") funds and 25% of the funds must be used for housing affordable lower-income households; and

WHEREAS, the City and HTSCC subsequently entered into an NSP2 Consortium Funding Agreement which allocated \$19,139,324 in NSP2 funds to the City for specified projects and programs; and

WHEREAS, on January 19, 2011, the Housing Department obtained approval to commit 20% Funds totaling \$1,430,000 to Eden which included \$740,000 for infrastructure costs related to both the Special Needs project and the Family project; and

WHEREAS, on March 29, 2011, the City Council approved a Development and Disposition Agreement providing for the ground lease of the Ford Road site to Eden; and

WHEREAS, on June 15, 2012 the Housing Authority of Santa Clara County recorded a deed of trust for \$6,600,000 and an affordability restriction on the Ford Road Family project parcel and agreed to subordinate its deed of trust and affordability restriction to the City's affordability restriction; and

WHEREAS, the City desires to authorize the City Manager to negotiate and executed a Third Amendment to the NSP2 Consortium Funding Agreement to increase the amount of the NSP2 funds allocated to the City from \$19,139,324 to \$21,139,324 and to allow the use of up to \$2,000,000 of NSP2 funds, including program income funds, to provide \$1,770,000 for construction and permanent financing for the 75-unit Ford Road Family project and \$230,000 for project delivery costs and to approve a funding commitment to Eden for up to \$1,770,000 for a project construction/permanent loan funded from NSP2 funds and allow the capitalization of up to \$254,000 in construction interest to be accrued on the loans to the Family project;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. The City Manager or designee is hereby authorized to negotiate and execute a Third Amendment to the Neighborhood Stabilization Program 2 ("NSP2") Consortium Funding Agreement with The Housing Trust of Santa Clara County to increase the amount of NSP2 funds allocated to the City of San José from \$19,139,324 to \$21,139,324 and to allow the use of up to \$2,000,000 of NSP2 funds, including program income funds, to provide \$1,770,000 for construction and permanent financing for the 75-unit Ford Road Family Housing Project and \$230,000 for project delivery costs, as more specifically set forth in the Director of Housing's memorandum dated October 22, 2012.
2. A funding commitment to Eden Housing or its designated affiliate for up to \$1,770,000 for a project construction/permanent loan funded from NSP2 program funds (Fund 448) and the capitalization of up to \$254,000 in construction interest to be accrued on the loans to the Family project, as more specifically set forth in the Director of Housing's memorandum dated October 22, 2012, is hereby approved.

ADOPTED this _____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

CHUCK REED
Mayor

ATTEST:

DENNIS D. HAWKINS, CMC
City Clerk